

***Fire & Police Pension Association***  
***Board of Directors Meeting Agenda***

December 12, 2019  
9:30 a.m.

- 9:30 a.m.** Call to Order. *Dave Bomberger, Chair*
- 9:30 a.m.** Consent Calendar. *Dave Bomberger, Chair*
- a) Approval of November 7, 2019, Board meeting minutes.
- 9:35 a.m.** Cambridge Market Update. *Brian McDonnell, Cambridge Associates*
- 9:50 a.m.** Investment report.
- a) Review of October performance and managers. *Scott Simon*
  - b) Self-Directed Plans Committee report. *Chip Weule*
  - c) Investment Committee Report. *Guy Torres, Chair of Investment Committee*
- 10:15 a.m.** Break
- 10:25 a.m.** Proposed 2020 budget.
- a) Budget Committee report. *Karen Frame, Chair of Budget Committee*
  - b) Staff Presentation. *Dan Slack, Kim Collins, Elaine Gorton*
- 11:00 a.m.** Wells Fargo Litigation update. *Richard Heimann, Leif Cabraser Heimann & Bernstein*
- 11:15 a.m.** Securities Litigation Derivative Actions and Foreign Litigation: An Overview. *Richard Heimann, Nicholas Diamand, and Lydia Lee, Leif Cabraser Heimann & Bernstein*

**11:45 a.m.** Staff report.

- a) Executive Staff Report. *Dan Slack*
- b) General Counsel Report. *Kevin Lindahl*
- c) Approval of “Board hire” contracts. *Kevin Lindahl & Chip Weule*
  - Medical Advisor
  - Hearing Officers

**12:15 p.m.** Chair’s report. *Dave Bomberger, Chair*

- a) Other matters.

**12:30 p.m.** Adjournment

*Following the meeting, lunch with Leif Cabraser Heimann & Bernstein at Ocean Prime*

**FIRE AND POLICE PENSION ASSOCIATION**  
**Minutes – Board Meeting**  
**December 12, 2019**

**FPPA Office**  
**5290 DTC Parkway, Suite 100**  
**Greenwood Village, CO**

**Board Members Present:** Chair Dave Bomberger, Guy Torres, Jason Mantas, Karen Frame, Michael Feeley, Patrick Phelan, Sue Morgan, and Tyson Worrell.

**Staff Members Present:** Dan Slack, Scott Simon, Kevin Lindahl, Chip Weule, Kim Collins, Dale Martin, Michael Sutherland, Steven Miller, Ben Bronson, Elaine Gorton, Karen Moore and Isabel Fernandez.

**Others Present:** Brian McDonnell, Cambridge Associates.

*Notice of this meeting and a copy of the agenda were posted at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111, and on the FPPA website, at least twenty-four hours prior to the meeting.*

**Call to Order**

At 9:48 a.m., Chair Bomberger called the meeting to order. Mr. Slack welcomed Isabel Fernandez as the new Executive Assistant.

**Consent Calendar**

Chair Bomberger called for a motion to approve the following Consent Calendar:

- Approval of November 7, 2019, Board meeting minutes.

Mr. Feeley moved to approve the Consent Calendar. Ms. Morgan seconded the motion. The motion passed.

**Cambridge Market Update**

Brian McDonnell presented the market update, providing market highlights.

Global equities surged higher in fourth quarter, as multiple equity market regions reached new all-time highs. Emerging markets outperformed developed stocks after underperforming year-to-date through September.

Global fixed income performance was mixed, as high-yield and investment-grade corporate bonds gained and credit spreads narrowed, while sovereigns declined amid rising yields.

Among currencies, the US dollar generally weakened, the euro was mixed, and UK sterling broadly strengthened.

Mr. Worrell joined the meeting.

### **Investment Report**

Mr. Simon provided a review of the October performance and managers.

Total Fund performance YTD was 11.29% relative to a 10.46% Implementation Benchmark.

Ms. Frame inquired about the process for the private markets year-end valuation adjustment. Mr. Simon stated that staff still needs to do the estimate and the adjustment will be reflected in the financial statements.

### **Asset Allocation**

With the initial Glide-Path Pool rebalancing complete, Policy targets were adjusted in October to reflect current allocations of the non-traditional classes (private markets and hedge funds). The cash overlay results in all classes being fairly close to their targets.

In response to an inquiry from Mr. Phelan, staff explained how benchmarks were determined.

Mr. Torres provided a summary of the Investment Committee Meeting held just prior to the Board Meeting. Topics discussed included the Quarterly Risk Report, Currency Overlay, Private Markets Commitment Pacing, Asset Liability Study Update, Liquid Strategies Update, ESG (Environmental, Social and Governance) and the Investment Staff Incentive Compensation Program. Mr. Bomberger asked Ms. Morgan to participate in the upcoming review of the Program.

Mr. Torres moved to approve the amendment to the Investment Staff Incentive Compensation Program changing the reference from the total fund performance to the long-term pool performance as approved by the Investment Committee. Mr. Phelan seconded the motion and the motion passed.

Mr. Simon provided an update on recent investment activity with investments in Pacific Growth Investors I, TVM Life Science Innovation II and Valar Velocity Fund 1.

Mr. Weule provided a review of the Self-Directed Plans Committee meeting held on October 31, 2019.

At 10:24 a.m., Chair Bomberger called for a break.

Mr. Bronson left the meeting during the break.

At 10:42 a.m., the meeting reconvened.

### **Proposed 2020 Budget**

Ms. Frame, Budget Committee Chair, presented the proposed 2020 budget for the Board's consideration. The Budget Committee supports the approval of the proposed 2020 budget.

Mr. Slack reviewed the budget process and the standard by which the budget is reviewed.

Ms. Collins presented the 2020 proposed budget, highlighting noteworthy projects.

Ms. Gorton reviewed the salary and benefits budget.

Mr. Phelan moved to approve the 2020 budget as presented. Mr. Mantas seconded the motion. The motion passed.

### **Wells Fargo Litigation update**

Richard Heimann, Nicholas Diamand, and Lydia Lee, all of the law firm Leiff Cabraser Heimann & Bernstein, joined the meeting.

Mr. Heimann provided the current status of court approval of the final settlement. Comments made at the hearing indicate that the judge will approve the agreed-upon final settlement terms, but he seems to have questions on attorney fees. A decision is expected by the end of this year or early January.

The final settlement in this case is significant because the insurance companies fought against having to fund such a large settlement. Importantly, the results of the investigation and audit of Wells Fargo laid the ground work to require internal monitoring and a change in corporate culture as part of the corporate governance terms under the settlement. Requirements mandate a focus on integrity with a reconfiguration of internal culture, including an ethics oversight committee and a designated senior audit manager.

Mr. Bomberger asked from where the settlement funds come. Mr. Heimann stated they came from insurance and claw backs from individuals.

Mr. Lindahl reported that over 2.5 years, about 200 hours were spent on the case by FPPA staff. As part of the settlement, FPPA will be reimbursed \$25,000 for this staff time. All staff expenses were paid by Leiff Cabraser.

## **Securities Litigation Derivative Actions and Foreign Litigation: An Overview**

Mr. Diamand gave a presentation explaining foreign securities litigation and compared it to U.S. securities litigation. In Europe, investors are required to opt into a case. Foreign courts generally do not have the concept of a class action law suit. Also, generally speaking a losing party pays the court costs and attorney's fees of the opposing side. This risk to filing a lawsuit is typically covered by a funding mechanism or by insurance.

The Leiff Cabraser attorneys left the meeting.

### **Staff Report**

#### *Executive Director Report*

Mr. Slack provided highlights from the staff report, including the Elizabeth Fire Protection resolution.

Mr. Weule provided the delivery metrics for the annual newsletter.

#### *General Counsel Report*

Mr. Lindahl provided the Litigation Report.

Staff continues to work on the legislative bill that was approved by the Pension Review Commission. CPFF has advised that legislative leadership has committed to get bill out of Legislative Council. There is still concern about the state funding component for the Statewide Death and Disability Plan. Funds do not appear to be available in 2021. The bill will be introduced in the House in January with the first committee hearing anticipated by the end of that month.

#### *Approval of "Board hire" contracts*

Mr. Lindahl and Mr. Weule proceeded to go over the Board Hire Motions.

Ms. Morgan moved the Board to approve the amendment extending the agreement with Dr. Annu Ramaswamy to act as Medical Advisor. Mr. Phelan seconded. Motion passed.

Ms. Morgan moved the Board to approve the amendment extending the agreement with Dr. Sander Orent to act as Medical Advisor. Mr. Phelan seconded. Motion passed.

Mr. Mantas moved the Board to approve the amendment extending the agreement appointing Thomas L. Kanan as a Hearing Officer. Mr. Phelan seconded. Motion passed.

Mr. Mantas moved the board to approve the amendment extending the agreement appointing Eric Moutz as Hearing Officer. Mr. Phelan seconded. Motion passed.

Mr. Mantas moved the Board to approve the amendment extending the agreement appointing Randie Thompson as Hearing Officer. Mr. Phelan seconded. Motion passed. Mr. Bomberger abstained from the Randie Thompson vote, citing a possible appearance of a conflict of interest.

### **Chair's report**

#### *Chair's report*

At 12:36 pm., Chair Bomberger declared the meeting adjourned.